

## Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 AID-05 /029 W

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R 212050Z MAR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9693

UNCLAS SAN JOSE 1173

E.O. 11652: NA

TAGS: EINV CS

SUBJECT: OPIC APPLICATION NO. 515-73-370 (FIRST  
NATIONAL OVERSEAS INVESTMENT CORP.)

REF: STATE 061555

1. THE EMBASSY DOES NOT KNOW HOW THE CRITERIA FOR EVALUATING  
PROJECTS FOR OPIC POLITICAL RISK INSURANCE COULD BE APPLIED  
TO THE SUBJECT APPLICATION. OPIC'S MEMORANDUM SAYS OPIC IS  
REQUIRED "TO ENCOURAGE AND SUPPORT ONLY THOS PRIVATE  
INVESTMENTS IN LESS DEVELOPED FRIENDLY COUNTRIES AND  
AREAS WHICH ARE SENSITIVE AND RESPONSIVE TO THE SPECIAL NEEDS  
AND REQUIREMENTS OF THEIR ECONOMIES, AND WHICH CONTRIBUTE  
TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF THEIR PEOPLE."  
THE OPIC MEMORANDUM ADDS, "THE NEW EMPHASIS IN THE LEGIS-  
LATION REQUIRES THE INVESTMENT INSURANCE PROGRAM TO GIVE  
INCREASED ATTENTION TO THE CONTRIBUTION OF PROJECTS TO  
SOCIAL AND ECONOMIC DEVELOPMENT OF THE HOST COUNTRY AND  
THE EXTENT TO WHICH PROPOSED INVESTMENTS ADDRESS  
THE SPECIAL NEEDS AND REQUIREMENTS OF THE COUNTRY'S  
ECONOMY."

2. YET THE APPLICATION DOES NOT COVER A SPEICIFIC  
DEVELOPMENT PROJECT, BUT A CAPITAL INCREASE FOR THE  
COSTA RICAN SUBSIDINARY OF THE FIRST NATIONAL OVERSEAS  
INVESTMENT CORPORATION. AS THE ULTIMATE USE OF THE  
FUNDS IS NOT SPECIFIED, IT WOULD BE DIFFICULT TO SAY  
WHETHER THEY WILL CONTRIBUTE TO COSTA RICA'S ECONOMIC  
AND SOCIAL DEVELOPMENT, OTHER THAN IN THE SENSE OF  
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EASING BALANCE OF PAYMENTS PRESSURES. MUCH OF THE LOAN

ACTIVITY OF "FINANCIERAS" HERE IS FOR THE PURPOSE OF FINANCING IMPORT AND EXPORT TRADE RATHER THAN DEVELOPMENT PROJECTS. UNDOUBTEDLY OPIC HAS CONSIDERED SUCH QUESTIONS IN THE COURSE OF DECIDING WHETHER OPIC INSURANCE COULD BE OFFERED TO BANKS. THE EMBASSY WOULD APPRECIATE BEING INFORMED AS TO WHAT CRITERIA MIGHT BE USED TO EVALUATE APPLICATIONS OF THIS TYPE, AND AS TO WHETHER A POLICY DECISION HAS BEEN ADOPTED UNDER WHICH OPIC WOULD OFFER INSURANCE TO BANKS IN THE ABSENCE OF ANY INDICATION THAT THE FUNDS WOULD BE USED FOR DEVELOPMENTAL PURPOSES.

3. MEANWHILE, IN VIEW OF THE STATED URGENCY OF THE PROJECT, THE EMBASSY WOULD INTERPOSE NO OBJECTION TO MOVING AHEAD, IF THE DEPARTMENT AND OPIC CONSIDER THAT IT MEETS THE APPLICABLE CRITERIA FOR OPIC INSURANCE. THE EMBASSY WOULD POINT OUT HOWEVER THAT AN ISSUE OF EQUITY COULD ARISE IF BANKS WERE TO RECEIVE OPIC INSURANCE WITHOUT A SHOWING THAT THE CAPITAL INSURED WOULD BE USED FOR DEVELOPMENTAL PURPOSES, WHILE BUSINESS FIRMS SEEKING

INSURANCE FOR PROJECTS ARE REQUIRED TO MAKE SUCH A SHOWING TO ESTABLISH ELIGIBILITY OF THEIR INVESTMENTS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 MAR 1975  
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